

**Introduced by Senator Alpert**February 21, 2003

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An act to amend Sections 14669.15 and 14669.16 of the Government Code, relating to state property, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

## LEGISLATIVE COUNSEL'S DIGEST

SB 753, as introduced, Alpert. State property: state office space: San Diego.

The State Building Construction Act of 1955 authorizes the State Public Works Board to acquire or construct public buildings and to issue revenue bonds, negotiable notes, and negotiable bond anticipation notes to finance that construction. That act also permits the leasing of these public buildings by the board to the Department of General Services or any other state agency approved by the department.

Existing law authorizes the Director of General Services to enter into one or more agreements to acquire, construct, purchase, lease, lease-purchase, lease-purchase finance, or lease with an option to purchase, with an initial option purchase price that exceeds \$2,000,000, for the purpose of providing approximately 226,100 net usable square feet of office and related space and 136,000 net usable square feet of parking in suburban location in the San Diego region. Existing law also authorizes the Director of General Services to enter into a joint powers agreement with the City of San Diego in connection with the development of approximately 241,000 net usable square feet of new state-owned office space and related facilities at a designated location in San Diego and provides that the authorized costs of the facilities may not exceed \$81,000,000. Existing law authorizes the director to sell, lease, or exchange, based on current market value, the existing state



office and parking facilities located in the City of San Diego and requires the net proceeds from these transactions be applied toward any obligation undertaken by the director in securing consolidated facilities for the development of new state-owned office space and related facilities in San Diego described above.

This bill would delete the authority of the director to sell, lease, or exchange the existing state office and parking facilities located in the City of San Diego.

The bill would also delete the authority of the director to enter into a joint powers agreement with the City of San Diego for the development of approximately 241,000 net usable square feet of new state-owned office space and related facilities described above and, instead, would authorize the director to develop these facilities, including the deconstruction of these facilities. The bill would authorize the State Public Works Board to issue revenue bonds, negotiable notes, or negotiable bond anticipation notes to finance the acquisition of the facilities authorized by the bill. The bill would authorize the State Public Works Board to borrow funds for project costs from the Pooled Money Investment Account, a continuously appropriated fund. The bill would provide that the authorized costs of the facilities, including land acquisition, preliminary plans, working drawings, and construction may not exceed \$81,000,000.

The bill would authorize the director to form a design advisory committee composed of representatives designated by the City of San Diego and any other individuals designated by the director for the purpose of providing comments and suggestions regarding the design of the development.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: <sup>2</sup>/<sub>3</sub>. Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 14669.15 of the Government Code is  
2 amended to read:

3 14669.15. (a) (1) The Director of General Services may  
4 enter into one or more agreements to acquire, construct, purchase,  
5 lease, lease-purchase, lease-purchase finance, or lease with an  
6 option to purchase, with an initial option purchase price that



exceeds two million dollars (\$2,000,000), for the purpose of providing approximately 226,100 net usable square feet of office and related space and 136,000 net usable square feet of parking in a suburban location in the San Diego region.

(2) In connection with the selection and acquisition of a lease, lease-purchase, lease-purchase finance, or lease with an option to purchase, which shall be collectively referred to for purposes of this section as a “lease” or “leases,” the department shall advertise and award the lease or leases in accordance with subdivision (b) of Section 14669 to the lowest responsible bidder offering to provide a building that meets the state’s requirements.

(b) (1) The State Public Works Board may issue revenue bonds, negotiable notes, or negotiable bond anticipation notes pursuant to the State Building Construction Act of 1955 (Part 10b (commencing with Section 15800)) to finance the acquisition of the facilities authorized in subdivision (a). The board may borrow funds for project costs from the Pooled Money Investment Account pursuant to Sections 16312 and 16313. In the event the bonds authorized for the projects are not sold, the Department of General Services shall adjust the Building Rental Account of the Service Revolving Fund by an amount sufficient to repay any loans made by the Pooled Money Investment Account. It is the intent of the Legislature that this commitment be included in future Budget Acts until outstanding loans from the Pooled Money Investment Account are repaid either through the sale of bonds or from an appropriation.

(2) The amount of revenue bonds, negotiable notes, or negotiable bond anticipation notes to be sold shall equal the cost of acquisition, including land, construction, furnishings and equipment, preliminary plans and working drawings, construction management and supervision, and other costs relating to the design and construction of the facilities, exercising any purchase option, and any additional sums necessary to pay interim and permanent financing costs and costs to issue these bonds. The additional amount may include interest and a reasonable required reserve fund.

(3) Authorized costs of the facilities, including land acquisition, preliminary plans, working drawings, and construction shall not exceed forty-five million dollars (\$45,000,000) for the suburban facility.

(4) Notwithstanding Section 13332.11, the State Public Works Board may authorize the augmentation of the amount authorized pursuant to this subdivision by up to 10 percent of the amount specifically authorized.

(c) Notwithstanding Section 13340, funds derived from the interim and permanent financing or refinancing of the facilities specified in this section are hereby continuously appropriated without regard to fiscal years for these purposes.

(d) The net present value of the cost to acquire and operate the facilities authorized in subdivision (a) may not exceed the net present value of the cost to lease and operate an equivalent amount of office space, including the present facilities, over the same time period. The Department of General Services, in performing this analysis, shall obtain interest rates, discount rates, and the consumer price index figures from the Treasurer.

~~(e) The Director of General Services may sell, lease, or exchange, based on current market value and upon any terms and conditions, and with any reservations and exceptions, deemed by the director to be in the state's best interest, the existing state office and parking facilities located in the City of San Diego. The net proceeds, if any, from the sale, lease, or exchange shall be applied toward any obligations undertaken by the director in securing consolidated facilities as authorized by this section or by Section 14669.16.~~

~~(f) The director shall not enter into any agreement to acquire facilities, as specified in subdivision (a), any sooner than 45 days after notification, including the information specified in subdivision (d), to the Chairperson of the Joint Legislative Budget Committee. It is the intent of the Legislature that the Joint Legislative Budget Committee hold a hearing on the pending agreement.~~

SEC. 2. Section 14669.16 of the Government Code is amended to read:

14669.16. (a) Notwithstanding any other provision of law, the Director of General Services may ~~enter into a joint powers agreement with the City of San Diego in connection with the development of~~ develop approximately 241,000 net usable square feet of new state-owned office space in the City of San Diego bounded by Ash, Union, "A," State, and Front Streets. This development shall include, but not be limited to, the financing,

1 planning, acquisition, construction, *deconstruction*, equipping,  
2 and furnishing of new state office buildings and associated child  
3 care and parking facilities, and any betterments, improvements,  
4 and facilities related to the development. The development shall  
5 comply with the state's regulations for sustainability and  
6 architectural excellence in public buildings.

7 ~~(b) The Director of General Services may enter into an~~  
8 ~~agreement for the appointment of a bond trustee, and other~~  
9 ~~documents and agreements to finance, by sale of bonds or~~  
10 ~~otherwise, this development. The Department of General Services~~  
11 ~~may act as the agent for acquisition, planning, and construction~~  
12 ~~matters. The agreement shall be with the joint powers authority~~  
13 ~~created pursuant to the joint powers agreement. (1) The State~~  
14 ~~Public Works Board may issue revenue bonds, negotiable notes, or~~  
15 ~~negotiable bond anticipation notes pursuant to the State Building~~  
16 ~~Construction Act of 1955 (Part 10b (commencing with Section~~  
17 ~~15800)) to finance the acquisition of the facilities authorized in~~  
18 ~~subdivision (a). The board may borrow funds for project costs from~~  
19 ~~the Pooled Money Investment Account pursuant to Sections 16312~~  
20 ~~and 16313. In the event the bonds authorized for the projects are~~  
21 ~~not sold, the Department of General Services shall adjust the~~  
22 ~~Building Rental Account of the Service Revolving Fund by an~~  
23 ~~amount sufficient to repay any loans made by the Pooled Money~~  
24 ~~Investment Account. It is the intent of the Legislature that this~~  
25 ~~commitment be included in future Budget Acts until outstanding~~  
26 ~~loans from the Pooled Money Investment Account are repaid either~~  
27 ~~through the sale of bonds or from an appropriation.~~

28 (2) *The amount of revenue bonds, negotiable notes, or*  
29 *negotiable bond anticipation notes to be sold shall equal the cost*  
30 *of acquisition, including land, construction, furnishings and*  
31 *equipment, preliminary plans and working drawings, construction*  
32 *management and supervision, and other costs relating to the*  
33 *design and construction of the facilities, exercising any purchase*  
34 *option, and any additional sums necessary to pay interim and*  
35 *permanent financing costs and costs to issue these bonds. The*  
36 *additional amount may include interest and a reasonable required*  
37 *reserve fund.*

38 (3) *Authorized costs of the facilities, including land*  
39 *acquisition, preliminary plans, working drawings, and*  
40 *construction shall not exceed 81 million dollars (\$81,000,000).*

1 (c) In connection with the development or any agreement for  
2 any work or expenses in connection with the development, the  
3 ~~joint powers authority~~ *Director of General Services* may use any  
4 funds lawfully available to it, and the ~~Director of General Services~~  
5 ~~may use and expend any funds pursuant to the agreement with the~~  
6 ~~joint powers authority~~ *him or her* in order to complete the  
7 development.

8 (d) ~~Inasmuch as it~~ *It* is in the best interest of the people of the  
9 state to consolidate state offices in the City of San Diego ~~as well~~  
10 ~~as other southern California locations at the earliest possible~~  
11 ~~opportunity, therefore~~ a “design-build” concept may be utilized  
12 in meeting the objective of this section pursuant to Section 14661.

13 (e) ~~(1) The joint powers authority created pursuant to this~~  
14 ~~section may obtain interim financing for the project costs~~  
15 ~~authorized by this section from any appropriate source including,~~  
16 ~~but not limited to, a General Fund loan pursuant to Section~~  
17 ~~15849.1 and the Pooled Money Investment Account pursuant to~~  
18 ~~Sections 16312 and 16313. If the bonds authorized by the project~~  
19 ~~are not sold, the Department of General Services, as determined~~  
20 ~~by the Department of Finance, shall commit a sufficient amount~~  
21 ~~to repay any loans made for the project from available funds.~~

22 ~~(2) It is the intent of the Legislature that this commitment shall~~  
23 ~~be included in future Budget Acts until all outstanding loans from~~  
24 ~~the Pooled Money Investment Account are repaid either through~~  
25 ~~the proceeds from the sale of bonds or from an appropriation in the~~  
26 ~~annual Budget Act.~~

27 ~~(3) Notwithstanding Section 13340, funds derived from the~~  
28 ~~interim and permanent financing or refinancing of the facilities~~  
29 ~~specified in this section are hereby continuously appropriated to~~  
30 ~~the joint powers authority for these purposes without regard to~~  
31 ~~fiscal years.~~

32 (f) ~~Authorized costs of the facilities, including land~~  
33 ~~acquisition, preliminary plans, working drawings, and~~  
34 ~~construction shall not exceed eighty-one million dollars~~  
35 ~~(\$81,000,000). The director may form a design advisory committee~~  
36 ~~composed of representatives designated by the City of San Diego~~  
37 ~~and any other individuals designated by the director. The design~~  
38 ~~advisory committee's function shall be solely limited to providing~~  
39 ~~comments and suggestions regarding the design of the~~

1 *development and shall have no role in selecting any architects,*  
2 *engineers, contractors, or design build teams.*

3 SEC. 3. This act is an urgency statute necessary for the  
4 immediate preservation of the public peace, health, or safety  
5 within the meaning of Article IV of the Constitution and shall go  
6 into immediate effect. The facts constituting the necessity are:

7 In order that the authority of the Director of General Services  
8 with respect to state office and parking facilities located in San  
9 Diego may be changed in order to facilitate the development of a  
10 state office project in San Diego as soon as possible, it is necessary  
11 that this act take effect immediately.

